



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 215** SLS 09RS 249  
Bill Text Version: **ENROLLED**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> June 25, 2009	8:54 AM	<b>Author:</b> MORRISH
<b>Dept./Agy.:</b> Health and Hospitals		
<b>Subject:</b> Teaching hospital		<b>Analyst:</b> Shawn Hotstream

HEALTH SERVICES

EN +\$510,636 GF EX See Note

Page 1 of 1

Provides for the definition of major teaching hospital for the purposes of hospital prospective reimbursement methodology. (8/15/09)

Proposed law defines a major teaching hospital for the purposes of hospital prospective payment methodology. Proposed rule further requires a major teaching hospital to meet the following criteria: 1) be a major participant in at least four approved medical residency programs of which at least two of the programs shall be in medicine, surgery, obstetrics/gynecology, pediatrics, family practice, emergency medicine or psychiatry; 2) maintain more than 20 active residents with an approved medical residency program in family practice located more than one hundred fifty miles from the medical school accredited by the Liaison Committee on Medical Education; and 3) defines hospital prospective reimbursement methodology.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$510,636	\$969,293	\$998,372	\$1,028,323	\$3,506,624
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$2,043,819	\$1,661,795	\$1,711,648	\$1,762,997	\$7,180,259
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$2,554,455	\$2,631,088	\$2,710,020	\$2,791,320	\$10,686,883

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$2,043,819	\$1,661,795	\$1,711,648	\$1,762,997	\$7,180,259
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$2,043,819	\$1,661,795	\$1,711,648	\$1,762,997	\$7,180,259

EXPENDITURE EXPLANATION

Amending the definition of a major teaching hospital is anticipated to increase Medicaid payments by approximately \$2.5 M in FY 11. Information received from the Department of Health and Hospitals indicates this legislation designates Lake Charles Memorial Hospital as a major teaching hospital by changing the department’s current definition in rule. Currently, major teaching hospitals must meet 2 minimum requirements. This legislation requires a major teaching hospital to meet only one of the two criteria. Proposed law will assign Lake Charles Memorial into a major teaching hospital peer group qualifying the hospital for increased inpatient per diem rates. The estimated additional cost reflected in the expenditure table above is based on the following calculations and assumptions:

1) Projected payments based on FY 08/09 claims data

2) Inpatient acute Medicaid days of11,715

3) Projected Medicaid inpatient rate in current peer group (minor teaching)\$1,070.48

4) Projected Medicaid inpatient rate classified as major teaching\$1,288.53

5) Projected increase in Medicaid per diem\$218.05

6) Estimated increase in Medicaid payments\$2,554,455

The expenditure table above reflects 3% growth in future fiscal years.

Note: New per diem payments are not anticipated to be paid to Lake Charles Memorial until FY 11 as the hospital would have to qualify in a major teaching class prior to July 1, 2009. This legislation would become effective on August 15, 2009.

REVENUE EXPLANATION

The revenues reflected above represent federal financial participation, which was calculated using a federal match rate of 80.01% in FY 11 and 63.16% in future fiscal years.

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input checked="" type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	H. Gordon Monk Legislative Fiscal Officer